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EASTERN EUROPE

1. USSR and Finland negotiating supplementary trade agreement for 1953-1955: An official of the Finnish Government has informed the American Legation that the trade negotiations now taking place in Moscow have been expanded to include preliminary discussions of a supplementary trade agreement for 1953-1955.

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[redacted] the Soviet Union is attempting to secure a commitment from Finland for the delivery of ten 4,000 d.w.t. tankers in addition to tugboats, cranes and wood processing machinery. The inclusion of the tankers in the agreement is dependent upon the price offered and upon the Soviet Union's agreeing to furnish the ship plate and other raw materials at a satisfactory price. (C Helsinki Desp 120, 19 Aug 52)

Comment: Tankers are on the international embargo list and are in extremely short supply in the Soviet bloc. Soviet trade officials hope to obtain a 7,800 d.w.t. motor ship now being completed in a Finnish shipyard.

2. Finnish trade association urges increased importation of Orbit goods: The non-Communist Finnish Technical Trade Association recently sent a circular letter to its members urging Finnish importers to promote the sale of Soviet and East European goods in Finland. In the past, Finnish importers have been reluctant to purchase Orbit goods because of their poor quality and high prices. (R Helsinki Weeka 36, 4 Sept 52)

Comment: The Finnish Government may be encouraging such a development in view of the country's unfavorable trade balance with the West. In recent trade negotiations Soviet officials have emphasized that Finland's production and exports

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to the Soviet Union are becoming increasingly dependent upon importation of goods from the USSR.

3. Poles lower coal prices to Scandinavian countries: Poland has agreed to lower coal prices to Scandinavia to the level of British prices. The recent refusal of the Scandinavian importers to accept high Polish coal prices was made possible by increased supplies of British coal. ([redacted] Reuters 25X1A 13 Sept 52)

Comment: Swedish, Danish, and Norwegian importers recently broke off negotiations in Warsaw when the Poles refused to lower coal prices. If this report is true it would appear that the Swedish Government's fears that the importers had worsened the government's position in negotiating a new trade agreement were exaggerated.

The increased availability of British coal undoubtedly helped the importers to take a firm stand, but the Poles' reported capitulation at this early stage shows the extreme weakness of their bargaining position.

4. Polish Government replaces Ambassador in Moscow: The Polish press announced on 14 September the resignation of Kasimierz Jasinski as Ambassador to Moscow "because of the state of his health," and the appointment of Waclaw Lewikowski to replace him. Lewikowski was included on the official Polish Foreign Office protocol list for July as a Deputy Minister of Public Security. (R Warsaw 121, 14 Sept 52)

Comment: Prior to the Gomulka purge in the summer of 1948, Lewikowski, one of the few remaining prewar Polish Communists, was a member of the Central Committee of the Polish Communist Party and Director of the Party Control Commission. Although he fell temporarily from favor after the purge, losing his important party positions, his post in the Ministry of Public Security (Interior) since November 1949 suggests that he has been regaining his position of influence in the party hierarchy.

5. Partisan band reported in Rumanian mountains: A reliable eyewitness has supplied apparent confirmation of guerrilla activity in the Rumanian mountains south of Brasov. The source reported that along with 40 other mountain climbers, he was surrounded in the hills near Sinaia on 17 August by a band of

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30 horsemen who indicated that they were partisans and took all available supplies. (C Bucharest 87, 12 Sept 52)

Comment: There have been previous reports of sporadic and unorganized bandit activity in the Fagaras Mountains west of Stalin Town (Brasov).

6. Ana Pauker relieved as Rumanian Vice Premier: On 12 September the Rumanian press announced without comment that Ana Pauker had been relieved of her post as Vice Premier. The American Legation describes an unconfirmed report that Mrs. Pauker was seen two weeks ago in a "fancy official car and apparently not in custody" in the Sinaia resort area. The Legation also quotes a reliable source to the effect that Teohari Georgescu, the purged former Minister of the Interior, is still working for the government or party, being transported daily in a modest automobile from a regular residence. (C Bucharest 87, 12 Sept 52)

Comment: These reports, if true, tend to weaken speculation that the two purged officials will soon be publicly tried.

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FAR EAST

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8. Constitutional crisis anticipated by South Korean press:

Speculation in the South Korean press regarding internal political developments has increased markedly since the beginning of September, according to the US Embassy. Most comments state that the mounting tension results from reports that President Rhee will soon demand passage of the seven new constitutional amendments outlined in mid-July. Several papers have agreed that another "constitutional squabble" is in the offing and that pro- and anti-Rhee groups have aligned their forces in expectation of another political crisis.
(R Pusan 332, 14 Sept 52)

Comment: The Assembly on 11 September passed a bill 89-0 prohibiting standing votes on constitutional amendments. Presumably this means that a secret ballot will now be used, thus lessening the President's ability to pressure or vilify individual Assemblymen. The vote demonstrates that Rhee's opposition in the Assembly is far from moribund.

9. Communists concerned over increased accident rate in China: Reports appearing in the Chinese Communist press suggest that the authorities are becoming more concerned over the growing number of accidents in factories, mines and

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on railways. Accident prevention has been made one of the principal tasks for North China's industry during the second half of 1952.

Among reasons cited in the press for the high accident rate, the most realistic appear to be the generally poor working conditions, the long and fatiguing working hours, the ignorance of safety techniques, and the preoccupation of leaders with production norms at the expense of the workers' well-being. (S Hong Kong 670, 12 Sept 52)

Comment: There is evidence that in many cases the pressure on Chinese workers to "increase production and practice economy" has encouraged a compromise with safety standards. Praise has been accorded, for example, to railroad workers who use locomotives for extended periods without overhauls.

SOUTHEAST ASIA

10. Anti-Communist propaganda declining in Thailand: The US Embassy in Bangkok observes a decline, both in quantity and quality, of the government's anti-Communist propaganda output. It reports that Thai leaders are more concerned with quelling criticism of their regime.

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Comment: While government propaganda activities decline, Thai Communists are accelerating their activities. Although the Thai people relatively have not been susceptible to orthodox Communist theory, the Communists are becoming increasingly adept at producing propaganda especially tailored for Thai consumption.

11. Magsaysay may use Philippine veterans organization to further his political ambitions: The American Embassy in Manila believes that the Philippine Veterans' Legion, which is sponsoring a meeting of Southeast Asian veterans in Manila from 17 to 22 September, may serve as an instrument through which Defense Secretary Magsaysay can further his political

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ambitions. Magsaysay currently has few connections with the Liberal Party provincial political machines. (C Manila 773, 12 Sept 52)

Comment: The Legion, which was active in promoting free elections in 1951, is ostensibly non-partisan, but actually anti-Quirino. The President gave qualified endorsement to the September conference only after a bitter dispute with Magsaysay.

Nationals of several Southeast Asian countries will attend the PVL conference, which is apparently aimed at organizing a regional veterans' federation. The greatly diverse backgrounds of the veterans from Southeast Asian countries make it unlikely that any effective organization will result from the meeting.

12. Chinese Embassy providing financial support for pro-Communists in Burma: The Chinese Communist Embassy in Rangoon has been providing financial support to the pro-Communist Burma Workers and Peasants Party ever since its formation in 1950, according to a recent defector who held a high position in the party. He claimed that the BWPP has been seriously weakened by recent defections which were caused by the increasing subservience of Ba Nyein, who is regarded by many observers to be the real leader of the party, to the Chinese. (S Rangoon 423, 12 Sept 52)

Comment: The Chinese Embassy has long been suspected of subsidizing the BWPP. The Burmese Government's reaction to this foreign interference in their internal affairs has thus far been mild, although it has often been intimated that severe action was contemplated "in the near future."

13. Burmese military reports successes against Communists: The Burmese Commander in Chief informed the American Army Attaché in Rangoon that four important Communist leaders had surrendered in the past few days, divulging valuable information. Meanwhile, a War Office-inspired editorial in the leading Rangoon English-language newspaper asserted that surrender, capture, death and generally deteriorating conditions would cause the rank-and-file Communist following to "melt away." (S Rangoon 423, 12 Sept 52)

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Comment: Apparently there was no mention of what disposition was made of the four surrendered leaders.

The Burmese Government has been making headway against the Communist insurrection, but progress is by no means rapid. For instance, the government's own figures reveal that of all those who have surrendered in the past four years, less than 10 percent have been Communists.

NEAR EAST - AFRICA

14. Iran plans military reorganization: General Kiani, secretary of Prime Minister Mossadeq's military advisory board, states that the board is considering a reorganization of the army and the gendarmerie.

The board plans to increase the strength of the gendarmerie to 40,000 and make it responsible for internal and border security. The army is to be reduced by several thousand men and to be concentrated in northern Iran rather than dispersed throughout the country.

General Kiani states that these proposals are in line with the thinking of the American Army Mission now in Iran. (S USARMA Tehran M-189, 11 Sept 52)

Comment: The American Army Mission has urged that the army be made more compact, but not that it be concentrated in northern Iran. The army cannot now control the Soviet-Iranian frontier and the gendarmerie is not likely to be any more effective. Concentration of the army in the north would give the powerful Qashqai tribe in southwestern Iran an opportunity for greater autonomy.

The National Front may be expected to try progressively to strengthen its control of the security forces. The present army strength is about 129,000 as compared to 20,000 for the gendarmerie.

15. Indian Congress Party to intervene in South African racial disturbance: Speeches made at the All-India Congress Committee meeting at Indore on 14 September indicate that the Indian Congress Party will sponsor financial aid to South Africa's nonviolent resisters against the racial

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laws. The Congress Committee is reported to have decided to start a special fund for this purpose. (R FBIS New Delhi, 15 Sept 52)

Comment: Indian citizens and organizations of South Africa are taking an active part in the civil disobedience campaign which started on 26 June as a protest against the government's racial policies. Indians and Africans are cooperating for the first time in a large-scale movement and over 3,500 persons have been arrested. Financial aid from India would probably be given through the South African Indian Congress. Such financial intervention would provide the South African Government with material for propaganda against the Indians, both among the European electorate in the Union and in the United Nations.

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WESTERN EUROPE

16. Yugoslav Government replies to tripartite note on Trieste:
Ambassador Allen describes as "completely negative" the Yugoslav reply to the American-British-French note recommending settlement of the Trieste question. (S Belgrade Weeka 37, 13 Sept 52)

Comment: Recent Yugoslav actions have not been calculated to improve prospects for negotiations with Italy on Trieste. New decrees were issued in late August which further integrated Zone B with Yugoslavia. In recent speeches Marshal Tito has stated that Yugoslavia cannot change its attitude toward the Trieste issue and has warned of the possibility of attacks by Italy.

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French see proposed Berlin legislation as violation of contractual agreement: A Foreign Ministry official has informed the American Ambassador in Paris of France's strong opposition to the proposed West Berlin legislation which would give the courts of the Federal Republic jurisdiction over West Berlin. He said that the French public, and especially parliamentary opinion, will not stand for this plan which is considered a direct violation of the contractual agreement.

The American Ambassador believes that if this issue is raised in the National Assembly it will have an adverse effect on French ratification of the Bonn and Paris treaties. (S Paris 1586, 13 Sept 52)

Comment: The French, out of fear of disturbing relations with the Soviet Union and of seeing Bonn's realm of influence enlarged, have consistently opposed all attempts by Mayor Reuter to integrate West Berlin with the Federal Republic.

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21. Pinay's price restrictions considered ineffective: Premier Pinay's new ceiling price decree is less severe than the measures the French Price Administration Director considers necessary to prevent autumn price increases and will be "most difficult" to enforce, in the opinion of the American Embassy. The Embassy doubts that agricultural price ceilings can be maintained.

The new measures have on the whole been favorably received and the government has indicated that it will take further steps as necessary. The Embassy emphasizes, however, that Pinay's political position has been only temporarily improved. (C Paris 1588, 13 Sept 52)

Comment: When Pinay took over the premiership he indicated that he would take strong measures if his plea for voluntary price reductions proved ineffective.

Last month's price rises due to unseasonal agricultural shortages have threatened to dissipate the "climate of confidence" which Pinay has labored to establish. The new price ceilings are expected to give him a temporary reprieve to fend off labor and agricultural interests and to attempt to shore up his weakening support from commercial groups.

22. Swiss averse to a further tightening of transit trade controls: An official of the Swiss Government's Commerce Division, in discussing his country's position on East-West trade, reacted negatively to Congressman Battle's question as to whether the Swiss would cooperate if the COCOM countries tightened transit trade controls. He asserted that Switzerland alone could not constitute a leak in transit controls because it had no common border with the Soviet bloc. He indicated that his country would not undertake to block the transshipment of strategic items which had been officially approved by the originating country for an Orbit destination. (S Bern 271, 10 Sept 52)

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Comment: The official's statements are in conformity with Switzerland's desire to maintain as closely as possible a neutral attitude regarding East-West transit trade.

23. NATO naval maneuvers increase Swedish caution: The Swedish Government has not invited foreign military attaches to observe the current Swedish Baltic maneuvers, nor has it requested Swedish observers to follow the NATO naval maneuvers. The American Embassy comments that this is one more indication of the government's caution and sensitiveness resulting from the spy trials implicating the USSR, the Baltic shootings, and Communist accusations of coordinated Swedish and NATO maneuvers.

The Embassy notes, however, that the US Naval Attaché has been given some "exclusive" information on the Swedish maneuvers. It states that "no doubt" as soon as Sweden's position is less in the limelight, other information will be quietly given American and British representatives. (S Stockholm Joint Weeka 37, 12 Sept 52)

Comment: The Swedish Government's reluctance to do anything the Communists might use to charge secret cooperation with NATO has also induced the government to refuse permission for a US naval visit to Swedish ports on the Baltic after the NATO maneuvers.

LATIN AMERICA

24. Bolivia signs contract with Argentine syndicate for tin smelter: President Paz Estenssoro has announced the conclusion of a contract with a primarily Argentine syndicate for the construction of a tin smelter and other industrial plants. Bolivia will underwrite 51 percent of the capital, and the syndicate has offered, in addition to its 49 percent, to loan Bolivia funds to meet its capital subscription. (R La Paz 85, 12 Sept 52; NY Times, 13 Sept 52)

Comment: The Argentine group has reportedly agreed to supply 20 million dollars for equipment for a tin smelter and various chemical plants which are to be completed in 3 to 4 years. The syndicate is to have a 25-year monopoly on these activities.

Heading the syndicate, which has some Swiss capital, is an Argentine, Selim Chacur, who has had close contacts with influ-

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ential personages of the Peron regime. He is considered a sharp speculator of questionable business tactics.

25. Possibility of army coup in Colombia increases: As a result of the anti-Liberal riots in Bogota on 6 September, the political situation in Colombia continues to deteriorate. Two Liberal Party leaders, ex-President Alfonso Lopez and Lleras Restrepo, whose homes were burned in the riots, have taken asylum in the Venezuelan Embassy and applied for their passports.

General Rojas Pinilla, now with the Inter-American Defense Board in Washington, reportedly plans to return to Colombia on 2 October to lead a group plotting to replace the Urdaneta government with a military junta. The church and the army are said to favor a coup led by ex-President Ospina Perez; he, however, is reluctant to seize power by force. (Factual data from: S Bogota 157, 12 Sept 52; U La Prensa (NY), 15 Sept 52)

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